

11/27/78

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Memo	Blumenthal to Pres. Carter, w/attachments 7 pp., re:Arab States trip report <i>Open 6/1/92</i>	11/24/78	A

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8

THE WHITE HOUSE
WASHINGTON

27 Nov 78

✓ Hamilton Jordan

The attached was returned in
the President's outbox today.
It is forwarded to you for
your information.

Rick Hutcheson

~~SECRET~~



	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

	ADMIN CONFIDENTIAL
	CONFIDENTIAL
<input checked="" type="checkbox"/>	SECRET
	EYES ONLY

ACTION

FYI

	VICE PRESIDENT
<input checked="" type="checkbox"/>	JORDAN
	EIZENSTAT
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	RAFSHOON
	WATSON
	WEXLER
	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARAGON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	LINDER
	MARTIN
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	VOORDE
	WARREN
	WISE

~~SECRET~~

PRIORITY



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

November 24, 1978

MEMORANDUM TO THE PRESIDENT

FROM W. MICHAEL BLUMENTHAL

The following is a brief summary of impressions from my trip to the four Gulf states of Saudi Arabia, U.A.E., Iran and Kuwait, November 16-22, 1978. I was accompanied by Senator Lugar and three House Members (Hyde, Cavanaugh and Stanton).

My main goals were to (1) explain your recent economic initiatives on inflation and the dollar; (2) urge extreme moderation in next month's OPEC oil price decision; and (3) assure all four host Government leaders of your determination to continue the U.S. role as a balancing and moderating force in the pursuit of peace and stability in the Middle East.

A. The Dollar

For virtually all Government leaders I saw, the single most important economic event of the recent past has been the dramatic reversal of the fortunes of the dollar.

This action has made a deep impression. It is seen as a major event, a specific Carter initiative, greatly benefitting each of the countries involved. Without it, a major (15% or more) price increase might well have been inevitable. A stronger dollar now means more purchasing power to the OPEC countries for what they sell and greater value for their assets held abroad. Its impact on the oil price decision will thus be quite decisive and result in much more moderate price action. It is important to ensure that the dollar remain strong through December and beyond.

The political impact of the dollar action is, I believe, equally important and the political utility of this step exceeded my expectations. Identified as a specific and personal Carter initiative, it has impressed all for its boldness, decisiveness, courage and, of course, --- its success to date. It should clearly strengthen our hand in the pursuit of our political goals in the area. We should use it to the maximum.

Jay 3/27/92

B. Oil Pricing

There is some evidence in all four countries that much has been learned in recent years about the risks inherent in their oil pricing decisions. The impact of price increases on world growth, inflation and the dollar is better understood than before.

This is not to denigrate, however, their own concerns about the losses they have suffered in revenues because of the oil price freeze and a declining dollar plus escalating costs for the products they buy.

Each country's position on this complicated matter differs somewhat. In each case, attitudes are shaped by a complex interplay of individual perceptions as to political interests (vis-a-vis the U.S., other OPEC members, LDCs, domestic pressures) and economic considerations (budget requirements, cash flow, external asset position, amount of reserves, etc.).

Saudi Arabia and the UAE will be the most moderate. Iran will be passive (but probably wouldn't mind a pretty good increase). Kuwait will support those arguing for at least 10-15%.

The final outcome is uncertain. A 10% increase, probably in installments during 1979, is a distinct possibility. There is hope, however, that as little as 7% or so, also phased, will be implemented. Chances for a 5% price rise are low and a continued freeze is almost certainly excluded.

On balance, I hope our discussions moved the Gulf states in the right direction toward moderation. A likely average increase for 1979 of 5%-8% should be one that we can live with.

C. Another Economic Concern: Foreign Aid

In the UAE, Kuwait and - to a lesser extent - in Saudi Arabia - I found much pride and interest in their foreign aid to LDCs and in the N/S dialogue.

The countries see their aid programs as important political insurance policies to fortify relations with LDCs in their part of the world and elsewhere. We should intensify our efforts to encourage them.

Similarly, these countries like the posture of championing the cause of the poorer countries in the N/S dialogue. We should work closely with them on the Common Fund and similar matters and build on the importance they attach to these exercises. We should, similarly, intensify our efforts to encourage their expansion of contributions to such aid efforts.

D. Regional Security Concerns

I was greatly impressed by the great weight attached everywhere to the political role of the U.S. as a stabilizing force in the area.

In Saudi Arabia, in particular, there is a strong sense of concern over the growth of Soviet-influenced governments around the periphery of the region. Yemen is uppermost in Saudi minds, followed closely by concern over developments in Afghanistan and, now in Iran.

All governments see the U.S. as the major effective counterweight to these trends. Concern over U.S. arms sales policies is evident and even in the UAE there were questions about the willingness of the U.S. to sell defensive weapons for elementary security needs.

Whether open or implicit, all countries do connect this political role of the U.S. - and dependence on it - with their economic relations and even with oil price decisions. One of the best assurances we have for continued moderation in economic matters is to pursue strong and clear political policies in the area - policies which these countries will perceive as vital and protective of their interests and as defensive against threats from without.

E. Camp David Accords

Throughout the area, the impact of Camp David has been dramatic. In spite of criticism over what was not agreed to, the prestige of the U.S. and your prestige personally has been immeasurably enhanced. One suspects that even those who are loudest in their expression of concern are impressed with the progress already achieved and are mentally prepared to build on this foundation for the future.

The fact that I heard only praise and not a single word of criticism of your role, while there was at the same time no reluctance to criticize President Sadat's actions, is not merely evidence of the politeness of our hosts. It reflects a real appreciation for your personal role in mediating evenhandedly and a perception that the cause of the Arabs is better understood in the U.S. now than ever before.

F. Iran

I have separately reported on my visit to Iran and on my discussions with the Shah and his new P.M., General Azhari. But this report of overall impressions nevertheless requires a special note on that unhappy country.

The change in attitude and demeanor of the Shah as against

a year ago was astounding. He seemed to have lost all self-confidence. His appeals to us for information and for help against his enemies from within and without were as poignant as they were alarming.

The Shah gives the impression of a man caught totally by surprise by the events of recent weeks, deeply wounded by the personal campaign against him and unable to know what to do next. With the departure of that thin layer of too-frequently sycophantic political advisers who previously surrounded him, he appears to have no ready means of contact with other groups within Iranian society who might help him move his country away from bloodshed toward a peaceful evolution of current trends. It is this element -- the Shah's obvious isolation, his lack of contact with representatives of the broader strata of Iranian society and the absence of a group of capable people at the top -- which is most worrisome.

My impression of his new P.M. and new Minister of Finance is mixed at best. The former appears to be honest, straight-forward and loyal. But while a brief meeting is hardly a good and sufficient indicator, he impressed none of us as having the necessary strength, experience, and determination to fill the void which presently exists in Iran between the top and the rest of the country. If he is the best person the Shah could find, there is additional reason to worry. As for the Minister of Finance, he is a competent and knowledgeable technician who has the experience to deal with the issues but who clearly lacks the political weight and influence to play a decisive role in the present complex Iranian situation.

At best, we can look forward to a lengthy period of instability and uncertainty on the Iranian scene. Indeed, even under the most favorable circumstances, it is not easy to see the personal and substantive resources and prerequisites at the Shah's disposal as he seeks to re-establish his authority and to move the country more toward a constitutional monarchy and democratic decision-making.

At worst, a collapse and continued disorder or worse, would seem a distinct possibility. The Shah himself talked about this as a real threat. It was obvious to us that, at least, in this regard, he knew what he was talking about.

We are faced with a difficult period in Iran and would be well advised to give serious and continuing attention to developments and to our options. We should continue to give full support to the Shah for as long as there is hope that he can hold things together.

We should do all we can to dissuade the Soviets from exerting further destabilizing pressures. We should most certainly use our influence to induce them to rein in the Iranian Communist (Tudeh)

Memorandum to the President

Page 5

party as much as possible.

We should also seek to be even more active than before in maintaining contacts with the more moderate elements of the Shah's opponents in the religious, business and intellectual groups and encourage them to tailor their demands so as to avoid a collapse of the internal situation. But, the Shah's concerns to the contrary notwithstanding, we should certainly urgently reexamine our contingency plans. For, if Hamilton Jordan was wrong and we don't have any, we may soon find ourselves in more trouble than we are able to handle.

Mike

W. Michael Blumenthal

WMB:1a

cc: The Hon. Cyrus R. Vance
The Hon. Zbig Brzezinski

CLASSIFIED BY W. Michael Blumenthal
SUBJECT TO GENERAL DECLASSIFICATION
SCHEDULE OF EXECUTIVE ORDER 11652
AUTOMATICALLY DOWNGRADED AT TWO
YEAR INTERVALS AND DECLASSIFIED
ON DEC. 31, 1984

9
THE WHITE HOUSE
WASHINGTON

27 Nov 78

Jim McIntyre
Chairman Campbell

The attached was returned in the President's outbox today. It is forwarded to you for your information. The original letter has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder



ACTION

FYI

cc Campbell

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Jim Fallows' office has
reviewed the attached text.

Rick/Bill



UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

November 17, 1978

IN REPLY PLEASE REFER TO

YOUR REFERENCE

MEMORANDUM FOR THE PRESIDENT

On October 19 of last year, in a memorandum to Federal agency heads, you announced a program designed to motivate Federal civilian and military personnel to become involved in improving Government operations and services, and you requested that they inform you of exceptional contributions in order that you might send a personal letter of commendation.

I am pleased to report that after one year of operation under the program, 1,382 individuals have been recognized for idea and performance contributions that have saved the Government over \$210 million. These results demonstrate that Federal employees are interested and are contributing a great deal to the conservation of vital energy and other resources and in improving public services.

I think it is important that agency heads know the results that have been achieved and be requested to use their leadership to emphasize the need for increased employee participation in this effort. The attached memorandum, that I recommend that you sign, has been prepared to achieve this purpose.

Alan K. Campbell
Chairman

Attachment

Approved: _____

Disapproved: _____

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF
DEPARTMENTS AND AGENCIES

On October 19, 1977, I announced a program designed to motivate Federal personnel at all levels to help improve the quality and performance of Government. I asked to be advised of exceptional contributions by both civilian and military personnel so that I might send a personal letter of appreciation to each.

After one full year of operation of this special recognition program, total tangible benefits to the Government have exceeded \$210 million. Some 1,380 people, representing 29 departments and agencies, contributed to changes which saved the public an amount equal to the average income taxes of 95,000 Americans. Equally important, there were benefits to the Government and the nation to which no dollar figure can be readily attached -- improvements in vital services, scientific achievements, and contributions to the health and well-being of the American people. Particularly outstanding results have been achieved by personnel of the Departments of the Air Force, Navy, and Health, Education, and Welfare, the Environmental Protection Agency, and the National Aeronautics and Space Administration.

These results are gratifying. They prove that given proper motivation and incentive, Federal personnel are eager to contribute to the growth of productivity in Government. It is up to management to use this great resource and to harness the energy, creativity, and ingenuity of those who work in our Government.

I ask all of you, therefore, to provide personal leadership during the year ahead in making full and effective use of the incentive awards authorities to improve Government productivity. And I ask you to continue to emphasize to everyone in your organizations the need for participation in, and support of, this most important effort.

Jimmy Carter

ID 785924

THE WHITE HOUSE

WASHINGTON

DATE: 21 NOV 78

FOR ACTION: JIM FALLOWS

INFO ONLY: THE VICE PRESIDENT

STU EIZENSTAT

JACK WATSON

ANNE WEXLER

JERRY RAFSHOON

SUBJECT: ALAN CAMPBELL MEMO RE PROGRAM TO MOTIVATE FEDERAL
PERSONNEL IN GOVERNMENT

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM MONDAY 27 NOV 78 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE

Washington

MEMORANDUM FOR THE

HEADS OF DEPARTMENTS AND AGENCIES

On October 19, 1977, I announced a program designed to motivate Federal personnel at all levels to become involved in improving the quality and performance of Government. I asked to be advised of exceptional contributions by civilian and military personnel so that I might send a personal letter of appreciation to each individual.

After one full year of operation of this special recognition program, I am pleased to advise you that total tangible benefits to the Government have exceeded \$210 million. Over 1,380 individuals, representing 29 departments and agencies, were responsible for these benefits which represent an amount equal to the average income taxes of over 95,000 Americans. Additionally, there were benefits to the Government and the Nation of an intangible nature such as improvements in vital services, scientific achievements, and contributions to the health and well being of the American people. Particularly outstanding results have been achieved through contributions made by personnel of the Departments of the Air Force; Navy; and Health, Education, and Welfare; the Environmental Protection Agency; and the National Aeronautics and Space Administration.

These results are gratifying and they illustrate that, given proper motivation and incentive, Federal personnel can and do make a substantial contribution to the growth of productivity in Government. It is up to management to effectively utilize this great resource and to harness the tremendous energy potential that is there--the creativity, ingenuity, and desire by Federal personnel to be a part of the improvement effort.

I ask, therefore, that during the year ahead you provide personal leadership in making full and effective use of the incentive awards authorities to improve Government productivity, and that you continue to emphasize to the personnel in your organization the need for their increased participation in, and support of, this most important effort.

Jimmy Carter

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 24, 1978

MEMORANDUM TO THE PRESIDENT

FROM: LOUIS MARTIN

I am submitting herewith two recommendations:

1. The policy difference between Sam Brown, director of Action, and Dr. Carolyn Peyton has, I have just learned, had a long history. Now that his move to oust her and her refusal to resign are matters of public record, Dr. Peyton is requesting a meeting with you. Although I understand this matter has been decided, I feel it would be helpful, politically and otherwise, for you to grant her an audience. Both Dr. Peyton and Sam Brown, in the talks that I have had with them, state there is no racism involved in the dispute. The issue is purely a matter of a difference of policy. It is that point that should be made clear to the public.
2. Because of a growing fear among many black leaders that the poor and the blacks will be forced to make the greatest sacrifices in the war on inflation, these leaders are anxious to lay before you their concerns. Your office has received requests from several groups of leaders to discuss this problem. I recommend that you invite to the White House a representative group of leaders that will include Clarence Mitchell, Coretta King, Vernon Jordan, Benjamin Hooks, Richard Hatcher, Dorothy Height, Mayor Coleman Young, Carl Holman and Representative Parran Mitchell.

See attachments.

Despite Order, Peace Corps Head Refuses to Quit



SAM BROWN

... boss of agency won't comment

By Warren Brown

Washington Post Staff Writer

Dr. Carolyn Robertson Payton, the first woman director and first black director of the Peace Corps, refused yesterday to quit her post despite orders from her agency boss to submit her resignation.

Instead, Payton strongly implied that she would quit only at the request of President Carter, who last year named her director of the overseas volunteer assistance organization.

Payton's refusal to quit puts Carter on the spot—especially at a time when he is trying to mend fences with the nation's black leadership.

A spokeswoman for Payton yesterday confirmed reports that her resignation has been requested by Sam Brown, director of ACTION, the agency that administers the Peace Corps, VISTA (Volunteers in Service to America) and other volunteer service programs.

However, Ruth Saxe, the spokes-

woman and Payton's deputy director, said:

"Dr. Carolyn Payton is an appointee of the president who has been confirmed by the Senate. She assumes that if the president is dissatisfied with her, he will ask her to resign."

Brown, reached at home, declined to talk to The Washington Post. But ACTION spokeswoman Carol Honsa later said that Payton's resignation was expected to be on Brown's desk sometime today.

"She told him Wednesday that she would resign and that she would be submitting her letter of resignation," Honsa said.

"The agency is still expecting her letter of resignation Friday," Honsa said.

White House officials declined to comment, and instead referred all inquiries to ACTION.

The Post reported yesterday that Payton abruptly quit her post Wednesday because of what administration sources said were "policy differences"

See **CORPS**, A20, Col. 1



DR. CAROLYN R. PAYTON

... "I have not resigned as director"

Peace Corps Head Won't Quit Despite Order From Boss

CORPS, From A1

between Payton and Brown over how to run the Peace Corps.

Payton, in a statement issued through Saxe, said yesterday that report was in error.

"Contrary to published reports, I have not resigned as director of the Peace Corps, nor do I wish to resign," she said.

She added: "I care too much about the Peace Corps to abandon my responsibilities. It is true that Sam Brown has differences with me over the direction that the Peace Corps should take which have not been resolved.

"I was appointed to this position one year ago by the president and I have had no indication that he is unhappy with my direction of the Peace Corps."

Randall Robinson, executive director of TransAfrica, a Washington-based lobbying group on U.S. policy in Africa and the Caribbean, bitterly attacked on Wednesday the administration's handling of Payton's expected resignation.

Robinson, in a statement corroborated by other sources, said that Brown had gone to the White House Wednesday to request permission from Carter to dismiss Payton.

Robinson said:

"It was a quiet dismissal just before Thanksgiving. There was no discussion at all between Dr. Payton and President Carter. We consider that a gross lack of courtesy on the administration's part."

Payton, a psychologist and former director of the Howard University Counseling Service, joined the Peace Corps in 1965. She had served as director of its operations in the east Caribbean before becoming director.

Blocks' Leaders Ask to See Carter On Budget Cuts in Social Programs

By RICHARD D. LYONS

Special to The New York Times

WASHINGTON, Nov. 23 — Fifteen prominent black leaders called for President Carter today to meet with them to discuss their "deep concern" with reports that Federal support for programs aiding minority groups is to be severely cut back in the 1980 budget now being drafted.

Further, the group, the Black Leadership Forum, released the text of a tele-

gram it sent Mr. Carter on Nov. 14, asking for a meeting with the President. The group's spokesman said the wire had gone unanswered.

The group includes Benjamin F. Hooks, executive director of the National Association for the Advancement of Colored People; the Rev. Jesse L. Jackson, president of Operation PUSH; Coretta Scott King, the widow of the Rev. Dr. Martin Luther King Jr., and Representative Parren Mitchell, Democrat of Maryland who is president of the Congressional Black Caucus.

Today's statement said: "Members of the Black Leadership Forum today once more urged President Carter to meet with them to discuss their grave concern over the impact on the poor and minorities of the deep slashes in the Federal budget which have been widely reported by sources inside Federal agencies."

M. Carl Holman, a spokesman for the

Continued on Page A20, Column 1

11/24/78
My office
never
received
the wire.
Phil

BLACKS ASK CARTER TO MEET ON BUDGET

Continued From Page A1

group, said its members were irked that the first invitation to discuss issues affecting blacks had not been answered. He characterized as "very unusual" the fact that there had been no reply.

"We were to have a meeting Dec. 14 and Dec. 15 with an aide to discuss these issues," he said, "but that had been settled weeks ago, before these reports started coming out."

The apparent annoyance of the black

leaders is similar to that expressed yesterday by a group of women's leaders who canceled a scheduled meeting with the President to protest the fact that they considered the 15 minutes allotted insufficient for a serious discussion of complex issues.

The proposed budget cutbacks for social programs had been among the topics the women had wished to bring up.

Also Sent to Cabinet Members

The black community leaders' telegram of Nov. 14 was also sent to each member of the Cabinet; to James T. McIntyre Jr., the director of the Office of Management and Budget, and to the majority and minority leaders of the Senate and the House. The text said:

"We are deeply concerned over indications that budget and program decisions

may be in process which will deeply and disproportionately affect the poor and minorities in the most hard pressed urban and rural areas.

"We understand as much as any group the harmful impact of inflation but we would hope that the most careful balancing of equities and potentially grave longer-term effects will guide critical decisions affecting the lives of millions of Americans.

"We would welcome the opportunity to discuss our concerns with you."

Most of the 15 signers were supporters of Mr. Carter in the 1976 Presidential campaign. Mr. Carter received about 90 percent of the black vote.

Claudia Townsend, a White House press officer, reiterated Mr. Carter's comments of yesterday that the domestic area of the proposed budget had yet to be settled and that work still is under way.

"Consultations are under way with staff members, as well as with the President," Miss Townsend said.

She insisted that Mr. Carter "is interested in what the members of the Black Leadership Forum have to say" and noted that final budget decisions have yet to be made.

Tension Between Carter and Blacks

There have been reports that the Carter Administration is drafting plans to cut \$15 billion for public service jobs, health care projects, school funds and other social programs.

Today's statements by the black leaders underscores the strained relations between the Carter Administration and minority groups. The tension goes back at least to spring, when some members of the Congressional Black Caucus walked out of a meeting with the President in the White House. They said they had left be-

cause they were dissatisfied with his response to the problems they had raised.

The signers of the Nov. 14 telegram also included Berkeley Burrell, president of the National Business League; Julius Chambers, president of the Legal Defense and Education Fund; Mayor Richard G. Hatcher of Gary, Ind.; Dorothy Height, president of the National Council of Negro Women; Elton Jolly, executive director of Opportunities Industrialization Center of America; Vernon Jordan, president of the National Urban League and chairman of the Black Leadership Forum.

Also Joseph Lowery, president of the Southern Christian Leadership Conference; Bayard Rustin, president of the A. Philip Randolph Institute; Herman Starkes, a member of the council of the National Black Caucus of Local Elected Black Officials; Leon Sullivan, director of the Opportunities Industrialization

Center; Eddie Williams, president of the Joint Center for Political Change, and Mr. Holman, president of the National Urban Coalition.

3 OCT 25 1978

THE WHITE HOUSE
WASHINGTON

BILL:

PHIL WISE SAID
the PRESS WANTED
that memo from
L. MARTIN CONCERNING
DR. PEYTON & S. BROWN,
SO I TOOK IT
FROM YOUR DESK
AND AM GOING TO GIVE
GREG SIT ROOM

IMM
PRECEDENCE

Unclass
CLASSIFICATION

FROM: LOUIS MARTIN
TO: PHIL WISE for
The President
INFO:

RELEASED BY: ced

FOR COMMCENTER USE ONLY

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PAGES 1

TTY _____

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241726Z NOV 78

TOR: ~~241718Z NOV 78~~

1978 NOV 24 17 18

SPECIAL INSTRUCTIONS:

PRESS ITEMS from THE NEW YORK TIMES
WASH. Post ON the subject will
be sent shortly.

Nov. 24
WASH
1729Z

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 24, 1978

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FROM: LOUIS MARTIN

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See attachments.

8


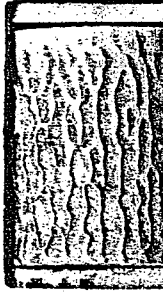
THE WHITE HOUSE
WASHINGTON

27 Nov 78

Stu Eizenstat

The attached was returned in
the President's outbox today.
It is forwarded to you for
appropriate handling.

Rick Hutcheson



THE WHITE HOUSE
WASHINGTON

11-27-78

To Stu -

Re: NYT today - &
other articles.

How do you know what
welfare proposals I'll
make?

J



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

November 22, 1978

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Mr. Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Congressman Dan Marriott/121 Brake Standard

I understand that Representative Dan Marriott will accompany you on the plane to Salt Lake City. Representative Marriott has been objecting for over a year to the DOT's 1975 Air Brake Standard No. 121, which significantly upgraded truck brakes and reduced the disparity between heavy truck and passenger car braking performance. The new brakes use advanced technology electronic logic systems that automatically modulate braking when required to prevent wheel lockup and resulting skidding in panic braking maneuvers. Airplanes have used similar systems for some years. Some early systems had reliability problems, truck maintenance personnel generally were not familiar with proper maintenance and repair practices, and often the systems were not properly maintained.

After three and one-half years' consideration, the Ninth Circuit recently invalidated the "no lockup" and related aspects of the standard. The Department is now working on a new regulation. Representative Marriott has blamed a major Salt Lake City accident (four teenagers killed in a collision with a tractor trailer) on faulty electronics, but the Department initiated a full investigation that concluded the truck driver decided to run a yellow/red light.

The Department's experience with this standard is illustrative of problems the Government faces in the implementation of an important safety and health regulation which depends on industrial know-how and decisions for its success.

cc: Jack Watson

CAMP DAVID

11/23/78

Mr. President -

Jim McIntyre was told by Ray Marshall that on Monday you committed to Ray Marshall not to cut the funding of the Public Works Program for FY 1980. Jim would like to verify whether or not you made such a commitment to Sec. Marshall.

— yes

✓ — no

Phil

8

THE WHITE HOUSE
WASHINGTON

27 Nov 78

To Secretary Adams

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Rick Hutcheson



THE WHITE HOUSE

WASHINGTON

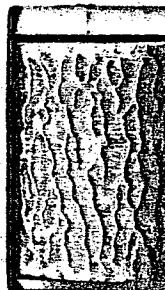
27 Nov 78

Stu Eizenstat
Jerry Rafshoon
Jack Watson

Anne Wexler
Charlie Schultze
Alfred Kahn

The attached was returned in the President's outbox today. It is forwarded to you for your information.

Rick Hutcheson



FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

ADMIN CONFIDENTIAL

CONFIDENTIAL

SECRET

EYES ONLY

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

KATZ

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

NOV 24 1978

900^d
J

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson
Staff Secretary
FROM: Brock Adams
SUBJECT: Inflation Jawboning: Railroads Rollback Proposed Freight
Rate Increase to Meet Administration Price Guidelines

I am happy to report to you that this morning the Association of American Railroads ("AAR") informed us that the nation's railroads would reduce a pending request for increases in freight rates by an average of 12 percent in order to comply with your recent anti-inflation guidelines. This was in response to actions taken personally by me and through my staff, in cooperation with Fred Kahn's staff, to reduce the railroads' original request which clearly exceeded your 6.6 percent price increase guideline. The Council on Wage and Price Stability has indicated to my staff that this appears to be within the guidelines and will announce this later today. As you know, at the recent Hershey, Pennsylvania symposium on deregulation of the railroad industry, I explained to railroad industry leaders the Administration's program to check inflation and talked privately with the leaders, both at Hershey and in subsequent sessions.

The reduction in the railroad's request will result in the railroads earning over \$200 million less. The modified proposed increases now appear justified to cover increased costs including wage pacts agreed to before the inflation program was announced and if an investigation confirms this, I intend to support the industry's request before the Interstate Commerce Commission.

Brock Adams

g



THE WHITE HOUSE
WASHINGTON

27 Nov 78

Tim Kraft

The attached was returned in
the President's outbox today.
It is forwarded to you for
appropriate handling.

Rick Hutcheson





THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

Tim
info
J

November 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: JOE CALIFANO *Califano*

I got your note today approving Ben Heineman.

Since you talked to me about affirmative action, I have made or recommended four major appointments in HEW.

1. Josue Gonzalez, an Hispanic, to be Director of the Office of Bilingual Education.
2. Susan Foster, a woman, as Deputy Under Secretary for Intergovernmental Affairs, to succeed Gene Eidenberg, a white male who was promoted to your staff.
3. Richard Lowe III, a black male, whom I recommended to you for Deputy Inspector General (at the same time I recommended Heineman) to succeed Chuck Ruff, a white male, who has gone to the Justice Department in a top job.
4. Benjamin W. Heineman, Jr., a white male, whom you approved today, to replace a white male.

Thus, since our conversation, three out of four appointments/recommendations have been minorities or women.

As I indicated to you in our last conversation on this subject, our analysis shows this Department to be one of the best in your Administration on affirmative action, particularly vis-a-vis women--e.g., There are five women Presidential Appointees in this Department.

If you have an analysis which leads you to a different conclusion, I should like to review it with you.

THE WHITE HOUSE
WASHINGTON

11/27/78

Mr. President:

Louie Martin wanted to see you
for two minutes just before your
departure this morning. If you are
rushed it could be done tomorrow.

✓ meet with Louie at 8:10 am today
 wait intil tomorrow

Phil

1

THE WHITE HOUSE

WASHINGTON

November 24, 1978

MEMORANDUM FOR THE PRESIDENT

FROM: HUGH CARTER *HC*

SUBJECT: Weekly Mail Report (Per Your Request)

Below are statistics on Presidential and First Family:

<u>INCOMING</u>	<u>WEEK ENDING 11/17</u>	<u>WEEK ENDING 11/24</u>
Presidential	22,730	20,380
First Lady	1,220	1,035
Amy	240	225
<u>Other First Family</u>	<u>110</u>	<u>80</u>
TOTAL	24,300	21,720

BACKLOG

Presidential	5,175	5,795
First Lady	115	115
Amy	0	0
<u>Other</u>	<u>0</u>	<u>0</u>
TOTAL	5,290	5,910

DISTRIBUTION OF PRESIDENTIAL MAIL ANALYZED

Agency Referrals	9%	10%
WH Correspondence	50%	51%
Unanswerable Mail	17%	17%
White House Staff	7%	5%
Greetings Requests	17%	13%
<u>Other</u>	<u>1%</u>	<u>4%</u>
TOTAL	100%	100%

NOT INCLUDED ABOVE

Form Letters	2,973	0
Form Post Cards	8,025	5,800
Mail Addressed to White House Staff	18,773	15,662

cc: Senior Staff

MAJOR ISSUES
CURRENT PRESIDENTIAL ADULT MAIL
Week Ending 11/24/78

ISSUES	PRO	CON	COMMENT ONLY	NUMBER LETTERS
Support for Protection of Alaska Lands	99%	1%	0	642
Support for President's Address to the Nation on Inflation 10/24/78	25%	21%	54%	433
Support for Aid to Vietnamese Refugees Stranded Off the Coast of Malaysia	97%	3%	0	<u>154</u>
			Total	1,229

Community WASHINGTON, D.C. 20506
Services Administration



6
1

MEMORANDUM TO THE PRESIDENT

November 24, 1978

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities
(November 20-24, 1978)

Go

Meeting With Louis Martin

The Director and Deputy Director met with Presidential Assistant Louis Martin this week to discuss minority and poverty issues and programs. Regular follow-up between the Agency and Mr. Martin's office is planned.

UPI Interview

The Director gave an in-depth interview to Donald H. May of the UPI Washington Bureau today. The interview ranged from the complexities and diversity of poverty problems across the country to the success of this Administration in improving management of the poverty programs. The story will likely be on the wire service by the end of the next week.

Opportunity Boutique

Next week CSA will again host the Opportunity Boutique, which provides a showplace and a marketplace in Washington for the craft products of low-income disabled people in anti-poverty programs throughout the country. Last year sales at the Boutique reached \$13,000. The Boutique will be held on the second floor of the Agency beginning Monday.

National Community Action Agency Executive Directors Association (NCAAEDA) Conference

Next week the Director will participate in a panel at the National League of Cities Conference in St. Louis. From there she will go to San Francisco to give the General Session address to the National Community Action Agency Executive Directors Association. The address will highlight the President's Anti-Inflation Program and explain how the program will help the poor. Community Action Agencies will be asked to do everything they can to help with the President's program. Over one thousand people will be in attendance at the conference. Senators Nelson and DeConcini and Congressman Long will also address the conference.

Family Speech

300 © David - Escape

- 1 Mormon hymn - Come, come ye saints - "all is well"
"all is well" with families: act of faith
4 family - 1st church, school, govt strength family
5 stronger families = < govt Hester 1912
6 Gov't act when families fail = errors -
7 welfare - 1/2 state, no aid to children if fathers present
8 mobility - 2 morals - permissiveness - divorce
2 marriages last yr, 1 divorce 3x & will
Children troubled = teenage suicide 2x/10 yrs
2nd cause of death teenage males
+ births out of wedlock

- 2 Stability of religion - 1.12
10 L.H. Tomlin "live all in 'this alone'"
3 Family life on farm - farm - parents & children
16 Gov't Race, jobs, drugs, crimes, Title I, pregnancy programs.
Invest in children
11 family: mutual improvement society
12 my family - wife, mother, sisters
13 Rights of women - confederacy - moral imperative
The Right Society 1st state where women voted
College in 3 yrs - opened to women "rigors"
1865 - Brigham Young said: (p. 2)
With Constitution - same throughout nation
15 A adapt to frontier, modern life, no Δ in basis
Transition in generations - communication father & son
14 "God gave burdens, also shoulder"
family - center of worship - learning - justice - growth
many are alone



To
President and Mrs. Jimmy Carter

In appreciation
of their support of
timeless family values

November 27, 1978

THE CHURCH OF JESUS CHRIST
OF LATTER-DAY SAINTS



Program

Monday, November 27, 1978, 1:30 p.m.
Salt Lake Tabernacle

Welcome..... Elder Gordon B. Hinckley
The Council of the Twelve

National Anthem..... The Mormon Tabernacle Choir

Invocation..... President Ezra Taft Benson
The Council of the Twelve

Remarks..... Elder Gordon B. Hinckley

"America, the Beautiful"..... The Mormon Tabernacle Choir
Narrators: Robert Peterson, Heather Young

Homefront Presentations

Regional Medley..... The Mormon Tabernacle Choir
This Land is Your Land, Shenandoah, Dixie, Down in the Valley,
Sweet Betsy from Pike, This is My Country

"I Am a Child of God"..... Primary Children Chorus

"Go My Son"..... Lamanite Generation
Brigham Young University

"Love At Home"..... Osmond Family

Remarks and Presentation to
the President..... President Spencer W. Kimball
The Church of Jesus Christ of
Latter-day Saints

Response..... The President of the United States

"The Battle Hymn of the Republic". The Mormon Tabernacle Choir

Benediction..... Barbara B. Smith
General President
the Relief Society



Home — the place to save society.

SPENCER W. KIMBALL

No other success can compensate
for failure in the home.

DAVID O. MCGAY

The greatest work you will ever do
will be within the walls of your home.

HAROLD B. LEE

And they shall also teach their children
to pray, and to walk uprightly
before the Lord.

DOCTRINE AND COVENANTS 68:28





In the Family Circle, Dennis Smith, sculptor

THERE IS BEAUTY ALL AROUND
WHEN THERE'S
Love at Home

IN 1869 BRIGHAM YOUNG SAID:

"W"

CHURCH OF JC of Latter Day
Saints

MORMON GOV MATTHESON 11-22-78

PRES KIMBALL, ROMNEY, TANNER

MBES COUNCIL OF 12 APOSTLES

SEN HATH, GARN,
CONG MCKAY, MARRIOTT

HONOR TYPICAL AM. FAMILY

3 DAYS - 30. C DAVID - ESCAPED

FR FOR PEACE - OUT OF NEWS

LARGEST ASSY OF AUTHORS

GRATEFUL

MORMON HYMN - COME, YE SAINTS

ONLY FAITH - "ALL IS WELL"

DRIVEN, PERSECUTED, MIGHT DIE,

FAITH, HOPE - AMERICA - "ALL
FAMILY

ACT OF FAITH - AFFIRMATION & HOPE

STRENGTH OF RELIGIOUS CONVICTION

FAMILY - FARM - TEAM - FATHERSON

1ST CHURCH, SCHOOL, GOVT

STRONGER FAM = < GOVT

HESECEL 1:12

FAM FAIL, GOVT'S MUST ACT

WELFARE - ANTI WORK, FAMILY

MODERN, MOBILE, PERMISSIVE

2 MARRIAGES: 1 DIVORCE WWII

TEENAGE SUICIDE 2X 10YRS #2

BIRTH OUT OF NEDLOCK

LILI TOMLIN "WE'RE ALL IN THIS.

ALONE"

FAMILY - MUTUAL IMP. SOCIETY

MY FAMILY - CHILDREN, WIFE, MOTHER

BASIC INDIV RT - MORAL IMPARTING

THE RELIEF SOCIETY

COLLEGE - 3 YRS - WOMEN

HIGHEST ED LEVEL

HUMAN GROWTH / SERI
BRIGHAM YOUNG BELIEVES

UTAH IN '96 WOMEN/MEN

CIVIL, POL REL RTS & PRIVIL
COMMITMENT

SOME FOR ENTIRE NATION

MANY ARE ALONE - STRANGERS

RELIGIOUS PROVERBS - GOD

GAVE BURDENS, ALSO SHOULDERS

Δ - FRONTIERS, MODERN LIFE.

THINGS NO Δ =

GOVT VS PRIVATE, FAMILY

AS PRES - PEACE, JOBS, DRUGS,

CRIME, HEALTH, ED, SECURITY

UNWANTED PREGNANCY, ABORTIONS

COMMUNITY - TRADITIONS -

IDEALS, MORALS

AS FATHER & PRES:

STABLE FAMILIES

SPHERE OF SERVICE - NOT LARGE

GREATER, STRONGER NATION

GOD GAVE BURDENS, ALSO
SHOULDERS

PRESIDENT JIMMY CARTER
NATIONAL LEAGUE OF CITIES
ST. LOUIS, MISSOURI, NOVEMBER 27, 1978

*Transcribe
Carter
Hatch
JAKE GARN
MAYOR SLAVE CITY
PRES ELECT NLC
ALAN BEALS
VP*

PRESIDENT TOM MOODY, JOHN ROUSAKIS, JESSIE RATTLEY, BILL McNICHOLS,
MEMBERS OF THE BOARD, AND MEMBERS OF THE NATIONAL LEAGUE OF CITIES:

THANK YOU FOR INVITING ME. IT'S GOOD TO SEE SO MANY OLD FRIENDS
AND TO SHARE WITH YOU MY THOUGHTS ABOUT OUR CITIES.

BUT IN ANY DISCUSSION OF WHERE WE HAVE BEEN, WHERE WE ARE, AND
WHAT WE MUST DO TO CONSERVE THE GREATNESS OF AMERICAN CITIES,...WE MUST
ALSO DEAL WITH OUR CURRENT NUMBER ONE ECONOMIC PROBLEM -- INFLATION.

(DAVID - 30 - OUT OF THERE (=OVER=) (I ADMIRER THE STRENGTH.....)

*ST LOUIS - Amy Zoo
Billy BREWERY*

2

I ADMIRER THE STRENGTH AND VIABILITY OF OUR CITIES WHEN I WAS A BOY
GROWING UP IN SOUTHWEST GEORGIA, AND I EXPERIENCED IT FIRST-HAND AS I
TRAVELLED FROM ARCHERY TO PLAINS TO OUR COUNTY SEAT AMERICUS AND EVENTUALLY
TO THE METROPOLIS OF ATLANTA. NOW ^{AFTER ELECTION} I AM IN A SOMEWHAT BETTER POSITION TO
CONTRIBUTE TO THE QUALITY OF URBAN LIFE.

I WANT TO HELP BUILD AND CONSERVE CITIES THAT ARE BRIGHT, VITAL,
FULL OF LIFE AND ENTERPRISE.

THAT REQUIRES A CLOSE PARTNERSHIP AMONG CITIES, OTHER LOCAL
GOVERNMENTS, STATE AND FEDERAL GOVERNMENTS, PRIVATE CITIZENS, AND OUR
FREE ENTERPRISE SYSTEM.

(=NEW CARD=) (ESSENTIAL TO THIS.....)

Carey, BEAME #165-B + an fan - NYC

3

ESSENTIAL TO THIS PARTNERSHIP IS A LONG-TERM COMMITMENT OF
EFFICIENT FEDERAL AID TO CITIES.

THIS IS HOW YOU AND I HAVE WORKED CLOSELY TOGETHER IN THE LAST
22 MONTHS.

AFTER MY ELECTION IN 1976, I MET WITH THE BOARD OF THE NATIONAL
LEAGUE OF CITIES. I LEARNED THEN THAT THE MOST URGENT NEED WAS FOR
LOCAL PUBLIC WORKS. YOU ASKED FOR \$3 1/2 BILLION.

AT MY URGING, CONGRESS ADDED \$4 BILLION TO THE LOCAL PUBLIC WORKS
PROGRAM.

WE ALSO NEARLY TRIPLED THE NUMBER OF C.E.T.A. JOBS, AND WE
EMPHASIZED PERMANENT PRIVATE EMPLOYMENT.

(=OVER=) (WE STARTED THE URBAN.....)

WE STARTED THE URBAN DEVELOPMENT ACTION GRANT PROGRAM.
THE RESULT IS A NET GAIN OF OVER 6-1/2 MILLION NEW JOBS SINCE
I WAS ELECTED.

MORE IMPORTANT, OUR COOPERATION RESULTED IN THE EVOLUTION OF
OUR NATION'S FIRST COMPREHENSIVE URBAN POLICY -- A GOAL OF THE NATIONAL
LEAGUE OF CITIES FOR 21 YEARS -- A POLICY OF ACTION, NOT DEFAULT,
TO ENHANCE THE QUALITY OF AMERICAN CITIES.

HAVE
I INITIATED MUCH OF THAT POLICY ADMINISTRATIVELY.

FOLLOWING YOUR ADVICE, WE MADE MORE THAN 100 CHANGES TO EXISTING
FEDERAL PROGRAMS, AND I ISSUED FOUR EXECUTIVE ORDERS TO MAKE THESE
PROGRAMS MORE EFFECTIVE.

(=NEW CARE=) (MY FIRST ORDER.....)

MY FIRST ORDER REVERSED THE DISTURBING TREND OF MOVING FEDERAL JOBS
AND FACILITIES OUT OF CITIES TO THE SUBURBS.

I DIRECTED THE GENERAL SERVICES ADMINISTRATION TO MAKE EVERY EFFORT
TO LOCATE NEW FEDERAL FACILITIES AND JOBS IN CENTRAL CITIES.

AS AN EXAMPLE, THE OLD POST OFFICE BUILDING HERE IN ST. LOUIS IS
BEING RENOVATED FOR FEDERAL OFFICES UNDER THIS PROGRAM. ITS FIRST LEVEL,
INCIDENTALLY, WILL INCLUDE RESTAURANTS AND SHOPS TO HELP DRAW PEOPLE
DOWNTOWN.

WE NEED YOUR HELP AND YOUR INITIATIVE TO ENHANCE THE VALUE OF
THIS POLICY.

(=OVER=) (ANOTHER EXECUTIVE ORDER DIRECTED.....)

ANOTHER EXECUTIVE ORDER DIRECTED A GREATER SHARE OF FEDERAL
PURCHASES TO BIDDERS FROM HIGH-UNEMPLOYMENT AREAS.

A THIRD EXECUTIVE ORDER ESTABLISHED AN URBAN IMPACT PROCESS FOR
ANY MAJOR NEW FEDERAL INITIATIVE.

THIS WAS A DIRECT RESULT OF THE NATIONAL LEAGUE OF CITIES'
LONG EFFORT TO DRAMATIZE THE OFTEN UNFORESEEN IMPACTS OF NEW FEDERAL
PROGRAMS ON OUR CITIES.

WE ALSO REORDERED THE PRIORITIES OF THE ECONOMIC DEVELOPMENT
ADMINISTRATION. WHEN I TOOK OFFICE, ONLY 15 PERCENT OF E.D.A. FUNDS
WENT TO CITIES. THIS YEAR, HALF WILL GO TO CITIES.

(=NEW CARE=) (I DIRECTED THE ENVIRONMENTAL.....)

THE 4TH ORDER ESTABLISHED AN INTERAGENCY
COORDINATING COUNCIL TO TARGET, PACKAGE & COORDINATE
FEDERAL ASSISTANCE TO CITIES.

7

I DIRECTED THE ENVIRONMENTAL PROTECTION AGENCY TO CHANGE THE PRIORITIES IN ITS MULTIBILLION DOLLAR WASTE TREATMENT PROGRAMS.

THE NEW EMPHASIS WILL BE TO REHABILITATE OLDER SYSTEMS IN DISREPAIR -- INSTEAD OF ENCOURAGING URBAN SPRAWL WITH NEW CONSTRUCTION.

WE ALSO SUBMITTED TO CONGRESS 19 BILLS AS THE LEGISLATIVE PROGRAM OF OUR URBAN POLICY.

IT WAS A TOUGH FIGHT, BUT WE HAVE ALREADY WON ENACTMENT OF 13 OF THOSE BILLS. OF COURSE, YOU DESERVE MUCH OF THE CREDIT.

WE REAUTHORIZED THE C.E.T.A. PROGRAM. THERE WILL BE AN ESTIMATED 660,000 JOBS.

(=OVER=) (WE TOUGHENED REQUIREMENTS.....)

8

WE TOUGHENED REQUIREMENTS TO ELIMINATE FRAUD AND ABUSE AND TO ENSURE THAT ONLY GENUINELY DISADVANTAGED WORKERS GET THOSE JOBS.

AND WE ADDED INCENTIVES FOR BUSINESSES WHICH HIRE AND TRAIN THE DISADVANTAGED.

WE PASSED A TARGETED EMPLOYMENT TAX CREDIT FOR BUSINESSES WHICH HIRE JOBLESS YOUNG PEOPLE.

WE ALSO INCLUDED IN THE TAX CODE A CREDIT FOR REHABILITATION OF OLDER INDUSTRIAL AND COMMERCIAL BUILDINGS.

THESE WERE THE FIRST MAJOR REFORMS OF THE TAX CODE EXPLICITLY TO HELP BUSINESSES AND INDIVIDUALS STAY IN CITIES -- NOT MOVE OUT.

(=NEW CARD=) (WE WORKED TO SECURE.....)

THE NEW SURFACE TRANSPORTATION ACT WILL NOW LET US PLAN & BUILD BALANCED TRANSPORTATION SYSTEMS.

WE WORKED TO SECURE THE NEW YORK CITY LOAN GUARANTEE, AND ~~MANY~~ ^{INITIATED} OTHER MEASURES THAT UNDERSCORE MY COMMITMENT TO CITIES.

AND WE ADDED A NEW EMPHASIS THROUGHOUT OUR URBAN PROGRAMS TO HELP REBUILD THE PRIVATE ECONOMIC BASE OF OUR CITIES.

I WANT TO CONVINCE EVERYONE THAT IT IS GOOD BUSINESS TO INVEST IN CITIES.

I AM PROUD OF THOSE ACCOMPLISHMENTS. YOU SHOULD BE PROUD TOO. I COULDN'T HAVE DONE IT WITHOUT YOU. IT'S A GOOD BEGINNING FOR OUR NEW PARTNERSHIP.

(=OVER=) (I WANT YOU TO KNOW THAT.....)

I WANT YOU TO KNOW THAT MY COMMITMENT TO THIS PARTNERSHIP REMAINS FIRM. TOGETHER, OUR PROGRESS WILL CONTINUE. I WILL NOT STEP BACK FROM THIS JOB.

I AM ALSO DETERMINED TO ALLEVIATE ANOTHER PROBLEM THAT NOW AFFECTS CITIES -- AND EVERY AMERICAN -- MORE DEEPLY THAN ANY OTHER ECONOMIC PROBLEM.

THAT IS INFLATION.

I DON'T NEED TO TELL YOU HOW INFLATION AFFECTS YOUR CITIES.

YOU CAN SEE IT EVERY WEEK ON PURCHASING INVOICES...ON UTILITY BILLS...HIGHER SALARIES -- ALL CONSTANTLY INCREASING BUDGET COSTS.

INFLATION EATS INTO MAINTENANCE AND CAPITAL FUNDS, AND WITH RESTRICTED BUDGETS YOUR STREETS, BUILDINGS, AND PARKS FALL INTO GREATER DISREPAIR. (NEW CARD) (THAT SAME THING HAPPENS.....)

THAT SAME THING HAPPENS THROUGHOUT OUR ECONOMY.

CONSUMERS PUT OFF NEEDED PURCHASES. BUSINESSES POSTPONE MODERNIZATION. OUR FACTORIES AGE A FEW MORE YEARS. FOR EVERY YEAR OF THIS, WE BECOME THAT MUCH LESS PRODUCTIVE.

IN OTHER WORDS, INFLATION JEOPARDIZES THE ECONOMIC PROGRESS WE HAVE MADE SINCE THE RECESSION OF 1974-75 -- INCLUDING THE FRAGILE RECOVERY OF OUR TROUBLED CITIES.

IT MEANS THAT FEDERAL DOLLARS SENT TO CITIES BUY LESS EACH YEAR. GENERAL REVENUE SHARING, FOR EXAMPLE, HAS SENT ABOUT \$6.2 BILLION EACH YEAR TO STATES AND CITIES SINCE 1972. BUT BY 1979 IT'S PURCHASING POWER WILL HAVE DROPPED BY ONE-THIRD.

(=OVER=) (CITIES BADLY NEED.....)

CITIES BADLY NEED THESE DOLLARS. AND THE FEDERAL GOVERNMENT CANNOT REPLACE SUCH MAJOR LOSSES TO INFLATION.

PLAINLY, THE FUTURE OF OUR CITIES IS AT STAKE IN OUR FIGHT AGAINST INFLATION.

JUST AS PLAINLY, THE PEOPLE WHOM WE SERVE WANT SOMETHING DONE. THEY WILL NOT ACCEPT FEDERAL AND LOCAL GOVERNMENT INDIFFERENCE ABOUT INFLATION.

I HAVE NO DOUBT THAT THE AMERICAN PEOPLE WANT THE FEDERAL GOVERNMENT TO ACT. THEY WANT GREATER EFFICIENCY, LESS WASTE, LESS CORRUPTION. THEY WANT RESTRAINTS ON GOVERNMENT SPENDING AND TAXES.

(=NEW CARD=) (THOSE ARE DEMANDS.....)

13

THOSE ARE DEMANDS THAT I CANNOT -- AND WILL NOT -- DISREGARD.
LAST MONTH I ANNOUNCED A TOUGH PROGRAM TO FIGHT INFLATION.
I CHOSE A COURSE THAT IS POLITICALLY DIFFICULT. BUT I INTEND TO
HOLD TO IT.

THE 1980 FISCAL YEAR BUDGET WILL BE VERY, VERY TIGHT.
I HAVE PLEGGED TO SUBMIT A 1980 BUDGET WITH A DEFICIT OF
\$30 BILLION OR LESS. THAT IS LESS THAN HALF THE DEFICIT OF FY '76, WHEN
I WAS RUNNING FOR OFFICE.

(=OVER=) (IT IS NOT GOING TO BE.....)

14

~~IT IS NOT GOING TO~~ WILL NOT BE AN EASY TASK, BUT I INTEND TO DO THIS WITHOUT
STARVING USEFUL PROGRAMS.

I WILL NOT MAKE WHOLESALE, ARBITRARY SPENDING CUTS. WE ARE SIMPLY
GOING LINE BY LINE THROUGH THE BUDGET TO LIMIT OR TO CUT ITEMS WE CANNOT
AFFORD.

FOR THE CITIES, THE IMPACT WILL BE CLEAR. WE WILL DO AS MUCH AS WE
CAN WITHIN THE NECESSARILY SEVERE LIMITS. WE CAN PROPOSE NEW PROGRAMS
LIKE THE NATIONAL DEVELOPMENT BANK. EXPLOSIVE GROWTH - SERIOUS PROBLEMS
+ AREAS OF DISTRESS

BUT THERE WILL BE LITTLE MONEY FOR NEW INITIATIVES NEXT YEAR.

IT WILL BE AN AUSTERE BUDGET. HOWEVER, I PROMISE THAT THE CITIES
WILL BEAR NO MORE AND NO LESS THAN A FAIR SHARE OF BUDGET RESTRAINT.

MY RESPONSIBILITY - URBAN - RURAL - ED - JBS - DEFENSE
DOMESTIC - FOREIGN - (=NEW CARD=) (WE WILL ALSO)
FAIR & EQUITABLE.

15

WE WILL ALSO CONTINUE TO STREAMLINE FEDERAL AID TO CITIES.

WHEN I RAN FOR PRESIDENT, I PLEGGED TO MAKE URBAN PROGRAMS MORE
EFFICIENT, MORE RESPONSIVE, AND MORE TARGETED, AND TO BE EVOLVED AND
ADMINISTERED IN COOPERATION WITH LOCAL OFFICIALS.

I AM CARRYING OUT THAT PLEDGE.

I KNOW FROM PERSONAL EXPERIENCE THAT FEDERAL PROGRAMS OFTEN COST
STATE AND LOCAL GOVERNMENTS TOO MUCH. AND FRANKLY, THAT IS STILL TRUE
TODAY.

FOR EXAMPLE, FOR THE SMALL TOWN OF JUNIOR, WEST VIRGINIA, IT TOOK
SEVEN YEARS, \$1.7 MILLION, AND FIVE DIFFERENT FEDERAL AGENCIES TO BUILD
A REQUIRED SEWER AND TREATMENT SYSTEM.

(=OVER=) (I KNOW THAT WE CAN.....)

I KNOW THAT WE CAN DO BETTER. THAT IS WHY MY URBAN POLICY
EMPHASIZES LESS PROCESSING TIME, LESS OVERHEAD COSTS, LESS PAPERWORK,
AND BETTER COORDINATION.

FOR EXAMPLE, H.E.W. IS ELIMINATING, SIMPLIFYING, OR CONSOLIDATING
ABOUT 60 PERCENT OF ITS NEARLY 1,400 PLANNING REQUIREMENTS.

THE E.P.A. IS DOING THE SAME WITH OVER HALF OF ITS 300 PLANNING
REQUIREMENTS.

WE ARE DOING THAT THROUGHOUT THE GOVERNMENT.

MOREOVER, I AM LOOKING AT ADDITIONAL PROPOSALS TO REORGANIZE
AND CONSOLIDATE FEDERAL AID PROGRAMS FOR CITIES.

(=NEW CARD=) (YOU CAN ALSO EXPECT..)

17

YOU CAN ALSO EXPECT TO BENEFIT FROM OUR REVIEW OF NEW FEDERAL
REGULATIONS FOR THEIR COST IMPACT. I AM GOING TO USE MY POWER AS
PRESIDENT TO STOP COLD ANY NEW REGULATION THAT IGNORES ITS IMPACT ON
COSTS TO CITIES AND STATES.

I ALSO EXPECT STATE AND LOCAL GOVERNMENTS TO DO THEIR PART.

WE HAVE LONG KNOWN THE INFLATIONARY IMPACT OF STATE OR LOCAL
REGULATIONS THAT RESTRICT COMPETITION AND RAISE COSTS.

MUCH OF THE INFLATION IN HOUSING, FOR EXAMPLE, COMES FROM OUTMODDED
BUILDING CODES. PRODUCTIVITY IN BUILDING CONSTRUCTION IN THE LAST 10 YEARS
HAS ACTUALLY DECLINED 1.8 PERCENT EACH YEAR.

(=OVER=) (CODES THAT ENCOURAGE.....)

18

~~CODES THAT ENCOURAGE THE USE OF TECHNOLOGICAL DEVELOPMENTS WOULD~~
~~MEASURABLY EASE THE COST OF BUILDING HOUSING.~~

WE WILL LOOK TO THE CITIES AND COUNTIES ~~AND~~ TO ENCOURAGE LOCAL
CONSTRUCTION COMPANIES AND UNIONS TO ATTACK THE PROBLEM OF PRODUCTIVITY
DIRECTLY,...TO RE-EXAMINE COST-INFLATING WORK PRACTICES AND THE
POSSIBILITY OF ADOPTING NEW TECHNOLOGIES THAT WILL COMBAT RISING COSTS.

WE WILL LOOK TO THE LOCALITIES TO ATTACK DIRECTLY HIGH REAL ESTATE
TRANSACTION COSTS.

SIMILARLY, WE WILL ~~BE LOOKING TO~~ THE STATES AND LOCALITIES, ~~TO~~ ^{MUST} ATTACK
OTHER RESTRAINTS ON COMPETITION -- BOTH GOVERNMENTAL AND PRIVATE.

(=NEW CARD=) (THESE INCLUDE THE USE.....)

19

THESE INCLUDE THE USE OF LICENSING TO RESTRICT ENTRY INTO
OCCUPATIONS,...RESTRICTIONS BY PRIVATE GROUPS ON ADVERTISING OF PRICES
BY THEIR MEMBERS,...INSURANCE REGULATIONS THAT HOLD PREMIUMS UP,...
PUBLIC UTILITY RATE STRUCTURES THAT FAIL TO ENCOURAGE CONSERVATION AND
SO PROMOTE THE UNNECESSARY INSTALLATION OF COSTLY ADDITIONAL CAPACITY.

IN THE NEXT FEW WEEKS, I WILL BE CALLING ON STATE AND LOCAL OFFICIALS
TO REVISE REGULATION OF BUSINESS TO INCREASE COMPETITION AND REDUCE COSTS,
AND TO FOLLOW RESTRAINED, PRUDENT TAX AND SPENDING POLICIES.

IN THIS FIGHT, ALL SECTORS HAVE A ROLE.

(=OVER=) (I HAVE TAKEN PAINFUL ACTION.....)

20

I HAVE TAKEN PAINFUL ACTION AT THE FEDERAL LEVEL BY REDUCING FEDERAL
SPENDING,...PUTTING A CAP ON SALARIES,...VETOING POPULAR LEGISLATION,...
AND PERFORMING A TOUGH COST-BENEFIT ANALYSIS OF NEW REGULATIONS.

THE MOST IMPORTANT THING CITIES CAN DO TO FIGHT INFLATION IS TO MAKE
SURE THAT ALL GOODS AND SERVICES THEY PROCURE COME ONLY FROM SUPPLIERS
WHO WILL CERTIFY THEY ARE IN COMPLIANCE WITH FEDERAL WAGE AND PRICE
GUIDELINES.

THE SECOND IS FOR CITIES THEMSELVES TO ABIDE BY OUR WAGE AND PRICE
STANDARDS IN NEGOTIATING CONTRACTS AND IN SETTING YOUR OWN FEES.

THIS WILL NOT ONLY HELP HOLD DOWN COSTS, BUT SET AN EXAMPLE FOR
PRIVATE FIRMS IN YOUR OWN LOCALITIES.

(=NEW CARD=) (I CALL ON YOU TODAY.....)

21

I CALL ON YOU TODAY TO FOLLOW THE GUIDELINES IN THESE TWO
IMPORTANT AREAS.

BUT THESE STEPS ALONE WON'T BE ENOUGH.

LET ME REPEAT WHAT I SAID EARLIER. THE 1980 BUDGET WILL BE
VERY, VERY TIGHT.

IT WILL DISAPPOINT THOSE WHO DO NOT TAKE INFLATION SERIOUSLY.

IT WILL DISAPPOINT THOSE WHO EXPECT PROTECTION FROM INFLATION,
WHILE SOMEONE ELSE BEARS THE BURDEN.

IT WILL DISAPPOINT THOSE WHO THINK ONLY OF NEXT YEAR,...NOT THE
NEXT DECADE.

(=OVER=) (AND IT WILL DISPOINT.....)

22

AND IT WILL DISAPPOINT THOSE WHO EXPECT CONSTANTLY EXPANDING
FEDERAL AID -- AND A CONSTANTLY EXPANDING NUMBER OF NEW PROGRAMS AND
AGENCIES.

WE MUST CONTROL INFLATION. WE MUST BRING IT DOWN.
WE MUST STOP IT FROM INTERFERING WITH OUR LIVES, OUR ASPIRATIONS,
OUR FUTURE.

THAT'S WHY I NEED YOUR UNDERSTANDING AND YOUR HELP TO SOLVE
THIS PROBLEM ONCE AND FOR ALL.

IF WE FAIL TO CONTROL INFLATION, WE FACE A DEEPLY TROUBLED FUTURE.

WE WOULD ERODE THE COMMITMENT OF THE AMERICAN PUBLIC TO HELPING
CITIES, THE POOR, THE ELDERLY, THE JOBLESS, THE SICK AND WEAK.

(=NEW CARD=) (THAT IS SOMETHING THAT....)

23

THAT IS SOMETHING ~~THAT~~ WE DARE NOT RISK.

BUT AS WE ARE SUCCESSFUL AND BRING DOWN INFLATION, WE CAN LOOK
BACK ON THESE YEARS WITH THE SATISFACTION THAT WE BUILT THE SOLID
FOUNDATION THAT KEPT OUR COUNTRY PROSPEROUS, COMPASSIONATE, AND STRONG.

THAT WILL TAKE AN UNPRECEDENTED EFFORT BY US ALL IN THE NEXT
FEW YEARS.

IT WILL TAKE IMAGINATION. IT WILL REQUIRE SACRIFICE.

AND IT WILL TAKE THE PATIENCE TO REALIZE THAT WE CANNOT AFFORD
EVERYTHING THAT WE WANT NOW.

(=OVER=) (I BELIEVE STRONGLY THAT.....)

24

I BELIEVE STRONGLY THAT WE HAVE THE WILL TO SOLVE
THE PROBLEM OF INFLATION IN AMERICA.

I BELIEVE STRONGLY THAT THE PEOPLE ARE READY TO MAKE THE
NECESSARY SACRIFICES, IF ONLY GOVERNMENT PROVIDES THE LEADERSHIP AND
THE EXAMPLE.

I ASK ONLY THAT YOU HELP ME IN THIS TASK -- THAT WE AS PARTNERS
MIGHT END ANY DRIFT AND INDECISION AND LEAD OUR COUNTRY TOWARD A
BRIGHTER, MORE PROSPEROUS AND SECURE FUTURE.

#

OUR CITIES AND